

Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 SP-02 AID-05 EB-07 NSC-05 CIEP-01

TRSE-00 SS-15 STR-01 OMB-01 CEA-01 CIAE-00 COME-00

FRB-03 INR-07 NSAE-00 XMB-02 OPIC-03 LAB-04 SIL-01

L-02 H-01 DODE-00 PA-01 USIA-06 PRS-01 AGR-05 PM-03

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SUBJECT: GOP ANNOUNCES "FORMATION" OF FIRST FIVE SOCIAL
PROPERTY ENTERPRISES

REFS: LIMA A-28, A-24, A-95 OF MAY 13, 1974

1. THE PERUVIAN OFFICIAL GAZETTE HAS PUBLISHED FIVE OFFICIAL RESOLUTIONS OF THE NATIONAL SOCIAL PROPERTY COMMISSION (NSPC), ANNOUNCING THE "FORMATION" OF THE FIRST FIVE SOCIAL PROPERTY ENTERPRISES ((SPE'S). THE FIRST THREE, "MOTO ANDINA" (A MOTORCYCLE PLANT IN TRUJILLO), "MINERO PUNO" (SMALL MINES IN THE DEPARTMENT OF PUNO), AND "FROM THE FARM TO THE POT," (IN SPANISH, "DE LA CHACRA A LA OLLA," A CHICKEN FARM IN LIMA), WERE OFFICIALLY FORMED FEBRUARY 24. THE FOLLOWING DAY, THE GAZETTE ANNOUNCED THE FORMATION OF "ALPACA PERU" (AN ALPACA WOOL PLANT, IN PUNO AND LIMA) AND A SHEEP WOOL PLANT, WITH PLANTS IN HUANCAYO AND PUNO.

2. EACH OF THE NSPC RESOLUTIONS, IN ALMOST IDENTICAL
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WORDING, STATES THAT THE SPE IS NOW "IN FORMATION" AND

WILL CARRY ITS TITLE SO INDICATING. THE RESOLUTIONS ESTABLISH MANAGEMENT COMMITTEES, NAME THEIR MEMBERS, AND STATE THAT THEIR INDIVIDUAL CAPITAL REQUIREMENTS WILL BE SPELLED OUT SUBSEQUENTLY IN FUTURE REGULATIONS. NO FINANCIAL DATA WERE CONTAINED IN THE NSPC RESOLUTIONS.

3. THE BANCO MINERO, THE GOP AGENCY FOR FINANCING SMALL AND MEDIUM MINES, HAS INFORMED US THAT THE PUNO MINING SPE WIPY EVENTUALLY INCLUDE TWO OR THREE SMALL MINES IN THE PUNO REGION, BUT THAT IT DOES NOT YET KNOW PRECISELY WHICH MINES WILL BE INVOLVED. THE BANCO MINERO WILL ACT AS A FINANCIAL AGENT FOR THE MINERO PUNO OPERATIONS, FINANCING ITS START-UP COSTS OUT OF THE BANK'S INVESTMENT MINING FUNDS OF S/1.152 MILLION. THE FIRST TRANCHE OF THE BANK'S FUNDS, S/.45 MILLION HAS ALREADY BEEN PROVIDED TO THIS NASCENT SPE, AND ADDITIONAL FUNDS UP TO A TOTAL OF S/.62 MILLION WILL BE MADE AVAILABLE. THE BANK SAYS THAT THE NSPC HAS ASKED IT TO OFFER TECHNICAL AND LABORATORY ASSISTANCE AS WELL TO THE MINE.

4. COMMENT: SEVERAL WELL-INFORMED PRIVATE SECTOR REPRESENTATIVES HAVE TOLD US RECENTLY THAT ANGEL DE LAS CASAS GRIEVE, THE YOUNG TECHNOCRAT WHO IS PRESIDENT OF THE NSPC, HAS BEEN UNDER CONSIDERABLE PRESSURE TO ANNOUNCE THE FORMATION OF SPES, SINCE IT HAS BEEN NINE MONTHS SINCE THE LAW WAS PROMULGATED. THE LIMA PRESS HAS CARRIED ROUTINE ARTICLES, DRAWING ON THE GAZETTE'S TEXTS WHICH DO NOT AMPLIFY THE ORIGINAL INFORMATION CONTAINED IN THE GAZETTE. WE THEREFORE BELIEVE IT LIKELY THAT THE LACK OF PUBLICITY AND FINANCIAL DATA ABOUT THESE FIRST SPES MAY BE DUE TO THE NSPC DESIRE TO DEMONSTRATE PROGRESS ON THE SPE FRONT, EVEN THOUGH THE SPES MAY NOT BE IN OPERATION FOR SOME TIME.

5. ALTHOUGH THE NSPC MAINTAINS IT HAS UNDER STUDY SOME 70 PROJECTS TOTALLING \$589 MILLION (70 PERCENT IN THE INDUSTRIAL SECTOR), FOUR OF THE FIVE SPES ARE SMALL ENTERPRISES, AND IT SEEMS LIKELY THAT THE NSPC HAS DECIDED TO BEGIN WITH FIRMS OF MANAGEABLE SIZE BEFORE MOVING ON TO MORE COMPLEX OPERATIONS. THE ONLY RELATIVELY SIZEABLE OPERATION WILL BE THE TRUJILLO MOTORCYCLE PLANT. FURTHER, LIMITED OFFICIAL USE

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IN THIS REGARD, WHILE COFIDE HAS APPARENTLY MADE A SIZEABLE LOAN TO THE LIMA METROPOLITAN BUS COOPERATIVE, ORIGINALLY TOUTED BY TRANSPORT MINISTER MENESES IN SEPT., 1973 AS THE FIRST SPE, NO OFFICIAL ANNOUNCEMENT ABOUT THE COOPERATIVE'S STATUS HAS EVER BEEN ISSUED.

6. FINALLY, IT SHOULD BE RECALLED THAT PRESIDENT VELASCO LAST YEAR STATED PUBLICLY THAT THE SECTOR MIGHT TAKE A

DECADE OR TWO TO BE FULLY IN OPERATION. THIS VIEW IS
WIDELY SHARED BY THE PRIVATE SECTOR HERE (WHO TO A MAN OP-
POSE THE IDEA) AS WELL AS BY VARIOUS GOP BANKING AND
FINANCE OFFICIALS, WHO BELIEVE THE SECTOR WILL BE IMPE-
MENTED SLOWLY AND WITH GREAT CARE TO AVOID THE NEGATIVE
IMPACT THAT WOULD RESULT FROM THE OUTRIGHT FAILURE OF
ONE OF THESE ENTERPRISES, WHICH VELASCO CONSIDERS TO
BE THE ECONOMIC HEART OF THE PERUVIAN REVOLUTION. VELASCO
HIMSELF IS SAID TO HAVE STATED WHAT HE WANTS ARE
"GENUINE SPES NOT SOCIAL SWINDLES" (VERDADERAS EMPRESAS
DE PROPIEDAD SOCIAL, NO UNA ESTAFA SOCIAL).
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